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Goods movers in race

Freight, planning experts keep struggling to stay up with trade.

By Eric Johnson

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LOS ANGELES — When it comes to moving imported cargo through congested urban areas, Los Angeles isn't the only place with big problems.

A forum on goods movement, held Wednesday by the Southern California Association of Governments, brought freight and planning experts from around the nation to talk about the issues they confront, as well as rail and retail officials to talk about the challenges of moving containers through Southern California. Consistent double digit growth in containers arriving at the ports of Long Beach and Los Angeles has crimped the Southland's overworked infrastructure, clogging freeways and increasing air pollution. Last year, cargo growth, coupled with a shortage of longshoremen and rail workers, handcuffed the local ports.

"All the problems you experience here, they're coming to us in New York and New Jersey," said John Hummer of the North Jersey Transportation Planning Authority.

That's because retailers are increasingly looking for ways, other than relying on the local ports, to bring Asian-made goods to the United States.

Wal-Mart, for instance, has products shipped to six other ports outside of Southern California, said spokesman Bob McAdam.

"This approach gives us a lot of flexibility," he said. "The diversity of our supply network means we don't have to worry about (congestion in Southern California) so much. The idea is to bring goods in as close as possible to our stores."

Gerald Rawling, of the Chicago Area Transportation Study Policy Committee, said the public must understand how its shopping habits influence road congestion before solutions will fully evolve.

'Logistics network'

"When you purchase a throw rug, you set an entire logistics network in motion," he said. "The future can only be one thing goods movement or goods paralysis."

The idea of the forum was to give local policy makers ideas to solve the cargo crunch, said SCAG executive director Mark Pisano.

"We asked our staff, 'What is the most important issue?'" Pisano said. "Everyone came forward and said goods movement."

SCAG estimates that it will take \$16 billion in public and private investment to unclog Southern California's network of roads. The payoff would be nearly 500,000 additional jobs tied to moving foreign-made goods through the region.

Los Angeles Councilwoman Janice Hahn, who represents the harbor areas of Wilmington and San Pedro, said Southern California has lacked visionary ideas to accommodate dynamic trade growth with China.

"This growth puts the fear of God into those of us who realize the infrastructure isn't ready to handle that," she said. "If this growth triples in 10 years, we'll be right back where we are today."

Hahn said that the shipping industry's resistance to plans that ease road congestion, such as a plan to open truck gates at the ports at night, is dwindling. Terminals are expected to begin opening at night in July.

"The public pressure has changed," she said. "The public will not put up any longer with congested freeways and congested streets."

She also warned that the independent truckers who haul goods out of the port are being squeezed economically, forcing them to move to other occupations and reducing the number of available truckers.

"The trucking industry is sending up red flags," Hahn said. "I think we'll have a meltdown if we don't relieve the plight of the independent truckers."

Wal-Mart suppliers

Meanwhile, in a private interview with the Press-Telegram, McAdam disputed a Newsweek article out this week on China's rise as a global economic power that said more than 80 percent of Wal-Mart's suppliers come from China.

He said that in 2004, Wal-Mart bought \$18 billion in goods from Chinese suppliers and \$137 billion from American suppliers, and that a customer is likely to find more products manufactured in the United States on Wal-Mart shelves than at Target or Best Buy.

"There's a lot of fear about losing U.S. manufacturing jobs and people want to point a finger at Wal-Mart," McAdam said. "When you're the biggest, you're bound to be a target."

The Bentonville, Ark.-based retailing giant is, no doubt, the world's biggest. It employs nearly 1.5 million people in 10 countries at its 5,700 stores, 144 of which are in California. It imported and exported the equivalent of 95,000 containers through the ports of Long Beach and Los Angeles in 2004, about 1.5 percent of all the cargo that came through the two ports. Moving that cargo required 2,000 third-party freight movement and logistics workers in the Southland alone, McAdam said. Twenty percent of the goods Wal-Mart imports through the local ports move out of Southern California by train. The rest are trucked to its distribution centers here, ready for dispatch to stores in the region.

McAdam expects Wal-Mart local imports to grow another 10 to 15 percent in 2005, mirroring overall growth projections at the local ports.

"We think these ports can handle the growth," McAdam said.